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SUBJECT: SEOUL - PRESS BULLETIN; April 23, 2009

TOP HEADLINES

Chosun Ilbo
ROK Company in Kaesong: "If N. Korea Wants Its Workers to Receive as Much Wages as Their Chinese Counterparts, It Should Open Up Like China Did"

JoongAng Ilbo, Segye Ilbo, Seoul Shinmun, All TVs
Former President Roh Given Questionnaire in Bribery Scandal

Dong-a Ilbo
[1](#)N. Korea Wishes to Maintain Dialogue with ROK

Hankook Ilbo
Seoul to Review N. Korea's Demands and Make Counter-Proposal on Kaesong Industrial Complex

Hankyoreh Shinmun
Two Key Officials of Lee Myung-bak Administration Allegedly Intervened in Appointing POSCO CEO

DOMESTIC DEVELOPMENTS

The ROKG yesterday decided to pursue additional government-level talks with North Korea to discuss the operation of the joint Kaesong Industrial Complex. (All) It is doubtful, however, whether such any ROKG efforts will improve icy relations with the communist state. (Chosun)

According to ROKG sources and North Korea's notice presented at the April 21 inter-Korean meeting released yesterday, Pyongyang apparently wishes to maintain dialogue with Seoul. North Korea proposed to set the date of the next meeting "as soon as possible" and indirectly expressed its willingness to maintain the complex. (Chosun, JoongAng, Dong-a)

In a related development, a key Blue House official said yesterday: "The (April 21) meeting provided a momentum for inter-Korean dialogue. We will analyze North Korea's intentions, but believe that the North doesn't want to ruin inter-Korean ties." (Chosun, Dong-a,

Hankook, Hankyoreh, Segye, Seoul)

Foreign Minister Yu Myung-hwan, during yesterday's parliamentary session, expressed Seoul's intention to take the issue of the ROK worker being detained in the North to the UN. The ROK has not been granted access to the worker since his arrest on March 30 for allegedly criticizing the North's political system and encouraging a female North Korean worker to defect. (Chosun, JoongAng, Hankook, Segye, Seoul)

A senior U.S. Administration official recently notified the ROKG that the U.S. would welcome Seoul's decision to fully join the U.S.-led Proliferation Security Initiative (PSI), which is aimed at preventing the transfer of weapons of mass destruction. The U.S. Administration also clarified its position that the joint Kaesong Industrial Complex should be kept open, since it does not want the last remaining inter-Korean channel of exchange to close down. (Chosun)

A National Assembly committee yesterday passed a motion ratifying the KORUS FTA despite protests from opposition parties. The ruling GNP plans to put the motion to a vote at the Assembly's plenary session following the planned U.S.-ROK summit in June. (All)

USFK Commander Gen. Walter Sharp, in a speech yesterday, said that the U.S. and ROK militaries are prepared for instability in North Korea. He mentioned Operation Plan (OpPlan) 5029, which specifies the type of military action that would be used to counter

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instability in the North, such as a regime change or mass outflow of North Korean refugees. (JoongAng, Dong-a, Hankook, Hankyoreh, Seoul, VoiceofPeople)

MEDIA ANALYSIS

-North Korea

Aftermath of Inter-Korean Talks Regarding the Kaesong Industrial Complex

Citing ROKG sources and North Korea's notice presented at the April 21 inter-Korean meeting released yesterday, most ROK media reported that Pyongyang apparently wishes to maintain a dialogue with Seoul.

According to media reports, North Korea said during the meeting that it wanted to meet with the ROK again within a week, while urging the ROK to set the date of the next meeting "as soon as possible." Conservative Dong-a Ilbo's front-page article cited the North's notice, which indirectly expressed its willingness to maintain the joint industrial complex.

The ROK media also gave attention to Seoul's decision yesterday to pursue additional government-level talks with North Korea to discuss the operation of the joint Industrial complex. A key Blue House official was widely quoted: "The (April 21) meeting provided a momentum for inter-Korean dialogue. We will analyze North Korea's intentions, but believe that the North doesn't want to ruin inter-Korean ties."

Conservative Chosun Ilbo commented that it is doubtful whether such any ROKG efforts will improve icy relations with the communist state. Right-of-center JoongAng Ilbo editorialized: "If North Korea's motivation is based on the purely economic interest of withdrawing benefits, we could persuade them on the grounds that they are being shortsighted. However, the problem is that the North is taking a political approach by passing the buck to the South for worsening inter-Korean relations. Given that politics takes priority over other matters in the North Korean system, it may be difficult to reach a compromise regarding the North's demands." Conservative Dong-a Ilbo's editorial argued: "It may be important for Seoul to try to maintain the momentum of dialogue amid strained ties with the North. What is more important, however, is for Seoul

to accurately read Pyongyang's intentions and deal with them wisely. Considering the string of measures and demands made by Pyongyang following President Lee Myung-bak's inauguration, we wonder if the North has been hatching a plot to close the industrial complex in the judgment that the complex no longer serves its interests. Pyongyang's demand is seen as threatening the ROK with either continuing the complex by paying hefty prices or shutting it down on its own." Moderate Hankook Ilbo's editorial stressed the importance of keeping the momentum of inter-Korean dialogue alive, and left-leaning Hankyoreh Shinmun headlined its editorial: "North Korea's Demands Excessive, but Should Be Used to Turn Around the Situation."

-Obama's Overtures toward "Rogue States"

Chosun Ilbo's Senior Reporter Kang In-sun observed in a commentary: "(North Korean leader) Kim Jong-il rudely rejected President Obama's outstretched hands. He may have calculated that the move may enhance the North's leverage in negotiations. However, some in the Obama Administration are aware of, yet choose to endure, this erratic North Korean behavior. ... North Korea is giving the U.S. more foreign policy options, rather than increasing its bargaining power."

OPINIONS/EDITORIALS

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"SEVEN-MINUTE RUN" IN THE OBAMA ERA
(Chosun Ilbo, April 23, 2009, Page 33)

By Assistant Political Editor Kang In-sun

North Korean leader Kim Jong-il rudely rejected President Obama's outstretched hands.

He may have calculated that the move may enhance the North's leverage in negotiations.

If Bush's foreign policy was to "tighten the noose" around headache countries, Obama's foreign policy is to "loosen the noose." If every single step in Bush's foreign policy reflected Washington's hypersensitivity to security in the wake of the September 11 terrorist attacks, Obama's foreign policy starts from reflection on uncertainties caused by Bush's foreign policy. Thanks to Bush, Obama scored points without difficulty. Obama did not need to present new ideas. He won acclaim simply by saying, "I will be different from Bush."

Obama's (style of) diplomacy was first seen in his approaches toward countries hostile to the U.S. While Bush warned the three "Axis of Evil" members -- Iraq, Iran and North Korea -- that if they continued to make trouble, he would "get them", Obama took a soft approach, saying, "Let's have a dialogue." He proposed settling old scores and sitting down at the table for talks.

Obama sent a sign of reconciliation to Cuba, a nation which is geographically close to the U.S. and has many personal exchanges with the U.S. but was out of U.S. favor for a long time. The U.S. eased its 50-year-old blockade policy against Cuba and allowed Americans to visit or send money to the nation. Cuba reminds us of Dictator Castro -- cigar and sugar canes -- but it reminds Americans of the Cuban missile crisis in 1962. When U.S. senior citizens were asked, "When were you worried the most about a war?" most of them chose the "Cuban missile crisis." Since the Soviet Union's missiles were deployed to Cuba, which is almost like the U.S.'s backyard, Americans felt that they would be on the brink of war.

It may not sound believable now but at that time, when the Cold War between the U.S. and the Soviet Union was at its height, nuclear war posed a clear and present threat. A U.S. columnist wrote that when he was in elementary school, he was told to determine how long it took him to run from school to home. It was to find out whether children could arrive home in seven minutes, the time period between

the detection of a Soviet Union's incoming nuclear attack to the actual start of the attack. The columnist said that children who could not make it to their houses within seven minutes burst out crying.

In that era, Cuba was the nation that almost dragged the U.S. into a nuclear war. Obama rolled his sleeves up to settle the 50-year-old scores.

The younger generation still has a vivid sense of hostility toward Iran. This is due to the hostage crisis in Iran in 1979. When Iranian revolutionaries took 52 U.S. diplomats hostage in the U.S. Embassy in Tehran for 444 days, the U.S. failed to rescue the hostages and suffered an insult (to national pride.) This incident dealt a severe blow to then-President Carter, who had already lost popularity and, as a result, he lost the presidential election that year. Afterwards, U.S.-Iranian relations irreversibly deteriorated.

Now, Iran is willing to talk with the U.S. At a recent U.N. anti-racism conference, Iranian President Ahmadinejad, who has often made unexpected derogatory remarks against Israel, said that Iran is ready to forget the past to begin a new era.

Also, Venezuelan President Chavez, the strongest anti-American leader, grabbed Obama's outstretched hand at the Summit of the Americas.

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North Korea is the only country left. Last month, North Korea ignored Special Representative for North Korea Policy Bosworth's proposal to visit North Korea and, in return, launched a long-range rocket. North Korea has followed a stereotypical path of putting pressure on the U.S. and straining inter-Korean relations. It appears that when North Korea struck back at the U.S., it was saying, "North Korea will demonstrate its long-range missile capability first and then talk later." North Korea may have calculated that this would make it possible to negotiate under more favorable conditions. North Korea may be misguided in thinking that by escalating tensions, the tide would turn in its favor.

However, few people in the Obama Administration will wait forever for North Korea (to change its behavior) because they know that North Korea's behavior is unpredictable. The international community is keeping watch on North Korea which has responded harshly to both Bush's hard line and Obama's conciliatory gesture. In fact, (by taking these actions,) North Korea has given the U.S. more diplomatic options instead of increasing North Korea's own bargaining power.

IT IS WASHINGTON'S TURN TO MOVE ON KORUS FTA
(Dong-a Ilbo, April 23, 2009, Page 31)

The National Assembly Committee on Unification, Foreign Affairs and Trade passed a bill ratifying the ROK-U.S. Free Trade Agreement (FTA) yesterday despite opposition from the minority party lawmakers yesterday, 22 months after the ROK and the U.S. officially signed the agreement on June 30, 2007. This is rather fortunate, considering that some opposition lawmakers who opposed the submission of the bill to the Committee armed themselves with hammers and occupied the Standing Committee's conference room and the National Assembly floor last December. The ruling Grand National Party plans to send the bill to the floor during a June extra session of the National Assembly after observing the results of the U.S.-ROK summit set for June 16 in the U.S.

Now, the attitudes of the U.S. government and Congress are key. Even before stepping into office, the Obama Administration took a skeptical view of ratifying the FTA this year, claiming that the auto provisions of the FTA were "unfair." However, there is now a glimmer of hope since Presidents Obama and Lee Myung-bak agreed to cooperate on the FTA issue on the sidelines of the London G-20 summit earlier this month. During the June summit, they should take a big step toward the effectuation of the deal.

The ROK and the U.S. already share the view that if the U.S.-ROK FTA comes into effect, it will greatly help the two nations overcome the economic crisis by expanding bilateral trade and increasing job opportunities. It will also boost the U.S.-ROK alliance's joint response to North Korea's threats, which intensified after the missile launch. For the two months remaining before the U.S.-ROK summit, the ROKG should do its utmost to fully promote the necessity of the U.S.-ROK FTA to the U.S. so that Congressional efforts to approve the pact may gain momentum. This is the time for the ROKG to use all diplomatic channels to their fullest.

It is true that some groups in the U.S. are opposed to the ratification of the FTA because of the auto provisions and the beef issue. However, we can seek a win-win solution for both sides through mutual understanding while leaving the existing FTA intact. Moreover, the FTA contains most of the provisions long-demanded from the U.S. auto industry. U.S. vehicles do not sell well in the wide-open ROK market is because of their low competitiveness. Once the U.S.-ROK FTA takes effect, the U.S. will only scrap tariffs on ROK cars with engines smaller than 3,000 cc, but the ROK will lift tariffs on additional U.S. vehicles, thereby giving U.S. cars much easier access to the ROK market.

Although U.S. beef producers demand that the ROK should import beef irrespective of the age of the cow, the ROK is currently importing beef from "cattle younger than 30 months," although Japan only imports beef from "cattle younger than 20 months." Even if the ROK

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fully opens its beef market, the market share of beef imports from cattle older than 30 months will be negligible. Now it is the U.S. government and Congress' turn to respond to the approval of the FTA bill by the National Assembly Committee on Unification, Foreign Affairs and Trade.

CONTROVERSIES ON THE KORUS FTA SHOULD BE REMOVED
(Hankook Ilbo, April 23, 2009, Page 35)

The National Assembly Committee on Unification, Foreign Affairs and Trade passed a motion to ratify the Korea-U.S. Free Trade Agreement (KORUS FTA). In protest, opposition lawmakers attempted to block the passage of the trade agreement. However, the motion passed without incident, two years after the U.S. and ROK governments signed the agreement in April 2007. The KORUS FTA issue rocked the Lee Myung-bak government which had just taken office, creating a severe divide in public opinion. Also, a decision to import U.S. beef earlier than scheduled, which triggered the 'Mad Cow Disease Scandal' last year, dealt a further blow to the Lee Myung-bak government.

What matters now is when a plenary session of the National Assembly will ratify the free trade pact. The government and political and academic fields have been bitterly at odds over when to ratify the pact. Some argued for ratifying the KORUS FTA prior to U.S. ratification, while others insisted on ratifying the trade deal at the same time as the U.S. Congress because of the possibility of renegotiation. It was good that the ruling party delayed a final vote until the end of U.S.-ROK summit scheduled for June. The ROK needs to gather the opinions of the opposition party and farmers to compensate industries harmed (by the FTA) such as agriculture, livestock, and fisheries, and devise ways to enhance the competitiveness of each industry. The ROK should consider that the U.S. will unveil its detailed position after the ROK-U.S. summit. It makes sense for the ROK to pressure the U.S. through prior ratification. However, it is uncertain whether the ROK can overcome the U.S. Congress' negative views on the KORUS FTA (even if it pushes for early ratification).

The ROKG should coordinate with U.S. trade authorities before the bilateral summit and put an end to questions about (the possibility of) renegotiation and additional negotiation on the automotive sector, which was brought up by some members of the U.S. Congress and administration. Unless the two countries clarify their positions, 'candle light vigils' may again occur. President Obama,

who criticized the KORUS FTA as unfair during his campaign, moved positively to cooperate on the FTA's progress during his meeting with President Lee Myung-bak at the G20 summit this month.

The ROK should make sure that the KORUS FTA will pass a final vote since it could add momentum to strengthening the U.S.-ROK - alliance and expanding the export market. The ROK also should make significant progress through consultations prior to the U.S.-ROK summit to create an atmosphere favorable to ratification in both countries. The ROKG should carefully listen to opinions from the opposition party and farmers to avoid dividing public opinion.

1N. KOREA AS A HOSTAGE TAKER

(Dong-a Ilbo, April 23, 2009, Page 31)

North Korea has demanded that ROK companies raise wages for North Korean workers in the industrial complex in Kaesong to 70-75 U.S. dollars a month and for the ROK to pay rent for land four years ahead of time. Pyongyang also unilaterally demanded that Seoul sign a new land lease though they had agreed that ROK companies use the land for 50 years. It was suggested as a demand for renegotiation but virtually constituted a unilateral notice. While again claiming that Seoul's participation in the Proliferation Security Initiative would constitute a declaration of war, the North also unexpectedly linked the issue with the inter-Korean industrial complex in Kaesong. The North also failed to mention the Hyundai Asan employee who has been detained for 25 days.

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The Seoul delegation hurriedly headed to Kaesong in the early morning to try to use the encounter as a means towards official bilateral talks. As the North delayed holding the meeting for as long as 11 hours, however, the actual meeting only lasted for 22 minutes, which was truly embarrassing. The Seoul delegation did not even have a chance to see the Hyundai Asan employee who was detained in the building where the meeting was held. Still, the presidential office in Seoul tried to give meaning to the talks, saying, "We can construe the occasion as a momentum for dialogue." ROK Unification Minister Hyun In-taek remained low key in making his post-meeting comments, saying, "We will carefully consider the proposal for renegotiation."

It may be important for Seoul to try to maintain the momentum of dialogue amid strained ties with the North. What is more important, however, is for Seoul to accurately read Pyongyang's intentions and wisely deal with them. Considering the string of measures and demands made by Pyongyang following President Lee Myung-bak's inauguration, we wonder if the North has been hatching a plot to close the industrial complex in the judgment that the complex no longer serves its interests. Pyongyang's demand is seen as threatening the ROK with either continuing the complex by paying hefty prices or shutting it down on its own. The move could also be Pyongyang's ploy to hand over the risks to the ROK, as it will have to take responsibility, make compensation, and face intense criticism if the North unilaterally shuts down the complex.

The Kaesong complex was glorified as a symbol of inter-Korean compromise and a beachhead for inter-Korean economic exchange under the Kim Dae-jung and Roh Moo-hyun Administrations. The complex, however, is now being used by North Korea as a hostage against the ROK. Seoul must carefully examine the utility of the complex in light of inter-Korean relations and the economic impact from a fundamental perspective. It needs to send to the North a clear signal that it can give up the complex if Pyongyang makes excessive demands.

Attempted wheeling and dealing to demand more money by taking an ROK staff member hostage is nothing other than kidnapping. Seoul should never give the impression that it is at the North's disposal. It should make it clear that it cannot hold renegotiations with Pyongyang in any circumstances as long as an ROK staff is taken hostage. Seoul said its participation in the Proliferation Security Initiative has nothing to do with its relations with Pyongyang, but

it has postponed its participation three times due to the North, which is a mistake. The ROK must now repeat the hopeless behavior of putting itself at the North's disposal again because of the industrial complex.

(This is a translation provided by the newspaper, and it is identical to the Korean version.)

NORTH KOREA'S DEMANDS EXCESSIVE, BUT SHOULD BE USED TO TURN AROUND THE SITUATION
(Hankyoreh Shinmun, April 23, 2009, Page 23)

In the first official inter-Korean meeting since the start of the administration of President Lee Myung-bak, North Korea proposed renegotiating all of the special measures it had granted regarding the Kaesong Industrial Park. While it is somewhat unexpected to have North Korea focusing on business matters at a time when relations are so poor, we cannot assume its motive is entirely about its "cash intake." Indeed, since it has opened a channel for possible dialogue, it is now time for South Korea to offer a prudent and profoundly different kind of response.

North Korea is going too far, both in form and content. Not only is it saying it wants to change the land lease at will, but it also demands to renegotiate details about usage fees which would result in a major increase in burden for South Korean companies operating there. The demand that wages for North Korean workers are raised,

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too, goes against the agreement's limits on annual wage increases. It is nonsensical for North Korea to unilaterally notify South Korea of its intentions and to act in an arbitrary manner that may threaten Kaesong's stability.

Just what North Korea's real motive is remains unclear. It might want to change the existing (contract) framework under the view that it has given South Korean companies more benefits than it has given to companies from China and Vietnam. However, it may also want to close down the project in a manner that passes the responsibility to South Korea, after it makes the conditions in the Kaesong Industrial Complex unattractive for businesses. A broader political interpretation could infer that North Korea wants to put a special emphasis on negotiations with the U.S. while "delivering a curveball" to South Korea. It is notable how North Korea says it cannot maintain the special privileges conferred in the Kaesong contracts at a time when relations have soured as a result of what they consider to be South Korea's "hostile policy," openly revealing its displeasure with inter-Korean relations.

Whatever its intentions are, there does not appear to be any reason for South Korea's government and companies to refuse to confer together. If this is about purely business matters, they can find some reasonable points of compromise through dialogue, and even if not, perhaps (they can) clarify points of contention during the course of negotiations. It will only hurt the Kaesong project if they proceed to take things slowly, trying to assess North Korea's intentions without engaging in direct talks.

The government should go even farther, however, and use this as an opportunity to improve inter-Korea relations. Although one would like to see a separation between government and business matters, the Kaesong Industrial Park project is a matter that is inseparable from inter-Korean relations. Relations have to be stabilized for Kaesong to be able to continue. In some respects, it is also serves as a safety valve, one that prevents inter-Korea relations from taking a turn for the worse. Once a framework for dialogue is in place, Seoul could then of course expand the agenda and talk about other matters.

It goes without saying that both North Korea and South Korea have to make an effort if dialogue is going to proceed in a smooth manner. The most urgent matter is that North Korea has detained a South Korean man, a Hyundai Asan employee, for more than three weeks and has not yet granted South Korea access. It is inevitable that Pyongyang is going to have to reveal its true intentions regarding

resolving the situation. South Korea, for its part, is going to have to be clear about its decision to fully participate in the U.S.-led Proliferation Security Initiative (PSI), something that North Korea clearly opposes. South Korea will have to withdraw its plan to fully join the PSI.

Both sides are to blame for the souring of inter-Korean relations but, instead of playing the blame game, it is time to turn things around. The Seoul government, in particular, needs to lead the way in improving relations and use a consistent strategy in making the most of this opportunity.

(This is a translation provided by the newspaper, and it is identical to the Korean version.)

STEPHENS